

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
	:	
W.R. GRACE & CO.,	:	
	:	
et al.,	:	
	:	
Debtors.	:	Bankruptcy No. 01-1139 (JKF)
	:	Jointly Administered

Objection Deadline: April 9, 2004 at 4:00 PM  
Hearing Date: April 26, 2004 at Noon

**LIMITED OBJECTION OF UNITED STATES TRUSTEE TO APPLICATION OF THE  
OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ORDER  
AUTHORIZING THE RETENTION AND EMPLOYMENT OF CAPSTONE  
CORPORATE RECOVERY, LLC TO REPLACE FTI CONSULTING, INC. AS  
FINANCIAL ADVISORS FOR THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS (Dkt. No. 5151)**

COMES NOW Roberta A. DeAngelis, the Acting United States Trustee ("UST") for this District, by and through her counsel, and objects to the Application Of The Official Committee of Unsecured Creditors (the "OCUC") for Order Authorizing the Retention and Employment of Capstone Corporate Recovery, LLC to Replace FTI Consulting, Inc. as Financial Advisors for the Official Committee of Unsecured Creditors (the "Application") as set forth below:

1. Pursuant to 28 U.S.C. § 586 , the UST is charged with the administrative oversight of cases commenced pursuant to Title 11, United States Code.
2. Pursuant to 11 U.S.C. § 307 the UST has standing to be heard.
3. According to the Application, certain professionals formerly affiliated with FTI Consulting ("FTI"), who were rendering services to the OCUC, have withdrawn from FTI and have formed Capstone. As a result, the OCUC seeks to employ Capstone.

4. The UST does not object to the proposed terms of the new engagement with Capstone. However, the UST objects to certain elements of the additional relief sought in the Application, to the extent that the Application proposes that FTI's engagement shall be deemed terminated as of February 4, 2004 and FTI shall file a final fee application, but, nevertheless, certain FTI professionals shall continue to perform certain tax-related services for the OCUC and shall bill their time as an expense item on Capstone's fee applications. *See* Application at ¶ 7, 12.

5. The termination of FTI's engagement is inconsistent with authorizing FTI personnel to continue rendering services to the OCUC. To the extent the OCUC needs to continue to be able to utilize FTI for certain purposes, FTI's engagement has only been reduced in scope, not terminated, and therefore no Order should be entered terminating FTI's engagement. Furthermore, to the extent that FTI continues to render services, FTI remains obligated to comply with sections 328(c), 330(a), 331 and 1103(a) of the Bankruptcy Code, and should not be permitted to avoid or disclaim such obligations.

6. The UST does not object to the continued use of FTI to provide tax services for which the capability does not exist at Capstone and which are non-duplicative of Capstone's services, provided that FTI's engagement is not fictionally treated as terminated and FTI continues to file appropriate applications for any additional compensation it seeks.

7. The UST reserves the right to conduct discovery regarding the Application and to amend this Objection to assert such other grounds as may become apparent upon further factual discovery.

WHEREFORE, the UST respectfully prays this Honorable Court to deny the Application, or condition approval of the Application upon its modification consistently herewith, and for such other relief at law and in equity as this Honorable Court may deem to be proper.

Respectfully submitted,

**ROBERTA A. DeANGELIS**  
**ACTING UNITED STATES TRUSTEE**

**BY: /s/ Frank J. Perch, III**  
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DATED: April 9, 2004